

TRANSCRIPT PREPARED BY THE CLERK OF THE LEGISLATURE  
Transcriber's Office  
FLOOR DEBATE

March 14, 2002      LB 1094

chartered financial institutions. They could be considered small, early versions of community credit unions. As of 1982, there were twenty-six of these institutions around the state, but they were part of the NDIGC. In December of 1982, the Dwight Cooperative Credit Association failed and, in the wake of the abysmal record of the NDIGC to do its business, the state of Nebraska encouraged these institutions to merge, so they took action to prevent more failures of these small uninsured institutions by trying to facilitate mergers and conversions into banks and credit unions. In only two years' time, twenty of them had merged or closed, leaving four, and in another year we were down to one, which was the Maxwell Cooperative Credit Association, and in February of 1986 that one closed. So we haven't had one of these institutions for the last fifteen years. Understand, while they were small and community based, they were also uninsured, which means that consumers' deposits were at a risk, which this day and age we regard as intolerable. The litigation which sprung up around the NDIGC has come to an end. The state Attorney General's Office has indicated that there are no pending lawsuits, no applicable statutes of limitations, and the director of the Department of Insurance...pardon me, the director of the Department of Banking testified in favor of the measure today. No, I'm sorry, he appeared in a neutral capacity and to give us that information. I'll tell you the origin of the bill and that was I was looking at a list of institutions one day that revolved around banking and credit institutions and I looked at the cooperative credit association; said, what's one of those? I couldn't even remember that these had existed. And then we ran down the statute and then we realized that the statute hadn't been used in fifteen years and that there was probably a pretty darn good reason why it hadn't been used in the last fifteen years and that these twenty-six had merged and moved into insured institutions. It struck me that there would be little reason to have on the books a kind of institution for which there was really no reason any longer to have there, nor to have an uninsured form of institution when there were insured forms of institutions that would give customers and consumers better protection than this kind of institution. So you can imagine it was a very short hearing. Nobody showed up. I mean it wasn't as if there were cooperative credit associations opposing the